

SENATE BUDGET COMMITTEE
DEMOCRATIC CAUCUS
KENT CONRAD, RANKING MEMBER

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**SENATE BUDGET COMMITTEE RANKING MEMBER
CALLS FOR PROTECTING MEDICARE TRUST FUND,
WARNS OF BUSH INTENTION TO RAID FUND**

Conrad: Medicare Trust Fund Shouldn't Be Used To Pay For Prescription Drug Benefit

Washington, DC - Senator Kent Conrad, the Ranking Member on the Senate Budget Committee, today expressed concern that President Bush's massive tax cut will force the Bush Administration to raid the Medicare Trust Fund. Conrad's remarks came in a Senate Budget Committee hearing on the need for Medicare reform and a new prescription drug benefit.

"It is clear that President Bush has every intention of raiding the Medicare Trust Fund," said Conrad. "His tax cut is so big that he leaves no money to pay for a new prescription drug benefit without using the Medicare Trust Fund. Members of his Administration have already suggested that is what they intend to do. Nothing would be more reckless and irresponsible. The reserves in the Medicare Trust Fund are needed to pay for the cost of the Medicare benefits that we have already promised to provide – a cost that will grow significantly once the baby boomers begin to retire. It makes no sense to begin drawing down these funds even faster to pay for a new drug benefit or any other spending. That would only make our shortfall worse in the years ahead."

"It is crucial that we provide a new prescription drug benefit for our seniors. But we shouldn't try to pay for it out of the existing Medicare Trust Fund. Instead, we should take a more balanced approach – one that provides a significant tax cut, but leaves enough of the projected surpluses to continue paying down debt, to set aside resources for the coming retirement of the baby boomers, and to pay for high priority domestic needs such as the prescription drug benefit."

"It would be wrong to use the Medicare Trust Fund for other spending when we know that the Fund is in such a dire financial condition that it could become insolvent a full twelve years before the Social Security Trust Fund. It is completely illogical to say that we should protect the Social Security Trust Fund, but that it doesn't matter if we spend the Medicare Trust Fund. Both trust funds face the same demographic pressures from the coming retirement of the baby boom generation and both should be protected."

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“The Bush Administration’s apparent position is even more inexplicable given the overwhelming public support and bipartisan support in Congress for protecting the Medicare Trust Funds. Last June, 420 members of the House and 98 members of the Senate voted to lock up Medicare surpluses to make sure that they were not raided for new spending and tax cuts. Earlier this week, the House passed another ‘lockbox’ measure that again called for protecting both the Social Security and Medicare Trust Funds. The only problem with this more recent House measure is that it leaves a ‘trap-door’ loophole that would allow the funds to be used to pay for a drug benefit by simply calling it ‘reform.’ Well no one is going to be fooled by gimmicks like that. The Medicare Trust Fund should be protected. No trap-doors, no loopholes, no gimmicks, period.”

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